

AB 656 (TORRICO)

Higher Education Funding

PROBLEM

A recent study by the Public Policy Institute of California stated that California's need for college educated workers is outpacing the state's ability to produce them, and that gap is expected to widen in the future.

41% of California workers will need a bachelor's degree to meet the state's projected economic demand in the year 2025 if current trends continue. While the percentage of college educated workers has increased in recent years, it is expected to slow in future years as people between 50 years and 64 years of age who currently have the highest level of education will reach retirement by 2025.

As the growth of college education workers slows, the supply of workers with a high school diploma or less education is projected to exceed economic demand, resulting in lower wages and fewer job opportunities for those workers. The lack of an educated workforce will deny the state the ability to draw upon critical resources that are necessary to assist with the state's current economic crisis and to support future economic growth.

Ironically, at a critical time when we need an educated workforce, the General Fund has been unable to sustain that need, allowing more resources to be taken away than provided. Therefore, in order to keep up with the growing demand for a skilled workforce, it is necessary that the Legislature find additional sources for higher education funding

EXISTING LAW

The 1960 Master Plan for Higher Education

established the UC and CSU system with the goal to admit and offer a place to every California high school student who is eligible.

Under this plan, the University of California and the California State University are expected to plan adequate spaces to accommodate all California resident students who are eligible and likely to apply to attend an appropriate place within the system.

The Master Plan declares that it is the policy of the Legislature that all resident applicants to California institutions of public higher education, who are determined to be qualified by law or by admission standards established by the respective governing boards, should be admitted to either (1) a district of the California Community Colleges, in accordance with Section 76000, (2) the California State University, or (3) the University of California.

SUMMARY

AB 656 creates the California Higher Education Fund that would be funded by a new 9.9% oil severance tax. California is currently the only oil producing state that does not have a severance tax.

This Fund would be administered by the California Higher Education Endowment Corporation (created by this bill) that would annually allocate the revenue to the three college systems based on the following formula: 60% to CSU, 30% to UC, and 10% to Community Colleges.

The Corporation would be overseen by an 11 Member Board consisting of representatives

from the CSU Board of Trustees (2), UC Regents (2), Chancellor of the California Community Colleges [1], CA State Assembly (2), CA State Senate (2), State Treasurer (1), and enrolled college students (1).

STATUS

Assembly Revenue and Taxation Committee

SUPPORT

California Faculty Association (Sponsor)
California Federation of Teachers
CA State Student Association
California Teachers Association
Faculty Assoc. of California Community Colleges
SEIU
UC Student Association

OPPOSITION

CalChamber
California Independent Petroleum Association
California Manufacturers and Technology Assoc.
Western State Petroleum Association
Cal-Tax

FOR MORE INFORMATION

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